

# Milk Pricing

## NEWSLETTER



Dairy Marketing Branch, CDFA

July 2004

### National Commodity Price for Cheddar Cheese Falls Sharply . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (See *national commodities prices chart on page 2*).

The national commodity prices for nonfat dry milk and Grade A butter increased slightly, however Cheddar cheese prices dropped significantly. Consequently, all types of milk decreased in price: whole milk decreased twenty-six and one tenth cents per gallon; reduced fat milk decreased twenty-nine and six tenths cents per gallon; lowfat milk decreased thirty-two and two tenths cents per gallon; and skim milk decreased twenty-seven and seven tenths cents per gallon.

*\*See lowest reported lawful retail milk prices on page 2.*

California milk production increased slightly while milk production across the U.S. continued to remain slightly less than last year levels. Nationally, milk cow numbers and milk production per cow continues to hover near last year levels or slightly lower. Growing inventories of dairy products and relatively flat retail sales are affecting the marketplace. The retail sales of milk have declined in recent months and more milk has been diverted to ice cream and cheese production. Cheese production continues to remain strong and ice cream sales continue to favor the lowfat and nonfat varieties.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for August 2004

Northern California	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$1.317	\$0.659	\$0.329	\$0.165	\$0.110	\$0.082
Reduced Fat (2%)	\$1.128	\$0.564	\$0.282	\$0.141	\$0.094	\$0.071
Lowfat (1%)	\$1.009	\$0.505	\$0.252	\$0.126	\$0.084	\$0.063
Nonfat (Skim)	\$0.719	\$0.360	\$0.180	\$0.090	\$0.060	\$0.045

#### Southern California

Whole Milk	\$1.341	\$0.670	\$0.335	\$0.168	\$0.112	\$0.084
Reduced Fat (2%)	\$1.152	\$0.576	\$0.288	\$0.144	\$0.096	\$0.072
Lowfat (1%)	\$1.033	\$0.517	\$0.258	\$0.129	\$0.086	\$0.065
Nonfat (Skim)	\$0.743	\$0.372	\$0.186	\$0.093	\$0.062	\$0.046

#### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole Milk	\$0.261↓	\$0.131↓	\$0.065↓	\$0.033↓	\$0.022↓	\$0.016↓
Reduced Fat (2%)	\$0.296↓	\$0.148↓	\$0.074↓	\$0.037↓	\$0.025↓	\$0.018↓
Lowfat (1%)	\$0.322↓	\$0.161↓	\$0.081↓	\$0.040↓	\$0.027↓	\$0.020↓
Nonfat (Skim)	\$0.277↓	\$0.138↓	\$0.069↓	\$0.035↓	\$0.023↓	\$0.017↓

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California  
Phone (916) 341-5988; Website: [www.cdfa.ca.gov/dairy](http://www.cdfa.ca.gov/dairy); email address: [dairy@cdfa.ca.gov](mailto:dairy@cdfa.ca.gov)

## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

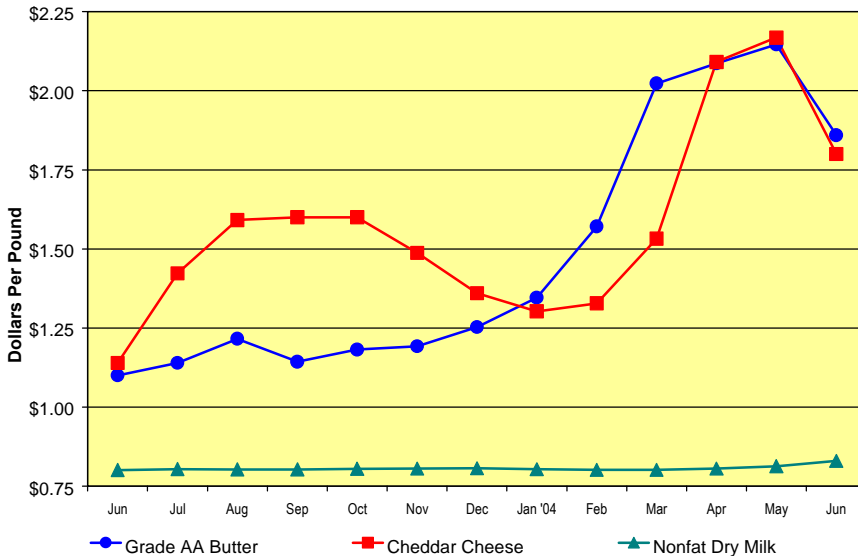
The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super- Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
Sept '03	\$0.18	\$1.13	\$0.44
Oct	\$0.18	\$1.15	\$0.44
Nov	\$0.18	\$1.15	\$0.44
Dec	\$0.18	\$1.16	\$0.45
Jan '04	\$0.18	\$1.16	\$0.45
Feb	\$0.19	\$1.27	\$0.49
Mar	\$0.19	\$1.27	\$0.49
Apr	\$0.20	\$1.70	\$0.64
May	\$0.20	\$1.70	\$0.64
June	\$0.21	\$1.90	\$0.71
July	\$0.21	\$1.90	\$0.71

### National Commodity Prices June 2003 - June 2004

#### Grade AA Butter, Block Cheddar Cheese, Nonfat Dry Milk



#### Lowest Reported Lawful Retail Prices for Milk July 2004

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$5.29	\$2.65
2% Reduced Fat	\$4.89	\$2.45
1% Lowfat	\$4.89	\$2.45
Nonfat/Skim	\$3.89	\$1.95
<u>Southern California</u>		
Whole Milk	\$5.25	\$2.63
2% Reduced Fat	\$4.89	\$2.45
1% Lowfat	\$4.89	\$2.45
Nonfat/Skim	\$3.85	\$1.93

**This newsletter can also be found on our website at:**  
**[www.cdfta.ca.gov/dairy/milkpricing.nl.html](http://www.cdfta.ca.gov/dairy/milkpricing.nl.html)**

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at [dairy@cdfta.ca.gov](mailto:dairy@cdfta.ca.gov), or by contacting TDD 1-800-735-0193.

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